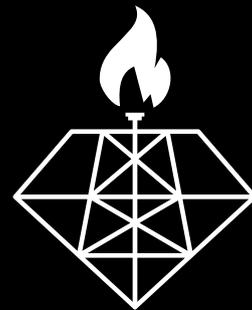


IDAHO OIL & GAS
CONSERVATION COMMISSION
Est. 1963



IDAHO OIL & GAS CONSERVATION COMMISSION

300 North 6th Street, Suite 103, Boise, Idaho 83702

P.O. Box 83720, Boise, Idaho 83720-0050

ogcc.idaho.gov

Cover Photo: Setup and testing operations for the Federal 20-3 in Bonneville County - Fall 2017



2017 ANNUAL REPORT



In 2017, the Legislature passed and the Governor signed HB 301. This bill was sponsored by Representative Boyle and was characterized as a "landowner bill of rights," aimed at increasing transparency in government, making oil and gas data more accessible to the public, and providing additional protections to surface owners. The bill was a complete rewrite of Title 47, Chapter 3, which governs the regulation of oil and gas wells in the state of Idaho.

Additionally, per HB 301, the Legislature restructured the Idaho Oil and Gas Conservation Commission to include the IDL director, one county commissioner, and three Governor-appointed technical experts who initially will serve staggered terms. As a result of 2017 legislative changes, a Division of Oil and Gas was created, with a budget in excess of \$500,000 within IDL adding a division administrator, information specialist and field inspector in addition to the existing program manager and administrative assistant positions. These new positions improve our technical knowledge and experience.

With the passage of HB 52 in 2017, Idaho became the 31st member of the Interstate Oil and Gas Compact Commission (IOGCC). As a full member Idaho now has full participation and voting rights, allowing the state to weigh in on national oil and gas issues that affect the Commission's ability to administer the oil and gas conservation program. Membership also means:

- Accessing information regarding effective practices from nationwide resources as well as lessons learned from other states grappling with similar issues.
- Receiving information about issues in other states, Congress, and federal agencies.
- Obtaining assistance to initiate innovative programs or further develop and enhance existing programs.
- Learning about emerging national trends.
- Voting on resolutions and initiatives of the IOGCC.

In 2017, significant legislative progress was made in the development of an effective oil and gas regulatory environment for Idaho. In 2018, we will continue to implement the new legislative changes, which will provide greater regulatory certainty for operators and increased transparency for mineral owners and the public.



Mick Thomas

Mick Thomas
Oil & Gas Division Administrator



Our Mission

THE OIL AND GAS CONSERVATION COMMISSION REGULATES THE EXPLORATION, DEVELOPMENT, DRILLING AND PRODUCTION OF OIL AND GAS RESOURCES TO ENSURE THE CONSERVATION OF OIL AND GAS, AND THE PROTECTION OF CORRELATIVE RIGHTS, SURFACE WATER AND GROUNDWATER.



ORGANIZATIONAL
STRUCTURE

GOVERNOR

OIL & GAS
CONSERVATION
COMMISSION

OIL & GAS DIVISION
ADMINISTRATOR

OIL & GAS
DIVISION



CHAIRMAN
KEVIN DICKEY
PETROLEUM ENGINEER



VICE CHAIRMAN
MARC SHIGETA
PAYETTE COUNTY
COMMISSIONER



TOM SCHULTZ
IDAHO DEPARTMENT
OF LANDS DIRECTOR



DR. RENEE
BREEDLOVESTROUT
GEOLOGIST



JAMES CLASSEN
GEOLOGIST

In 1963, the Idaho Legislature passed House Bill 168, the Idaho Oil and Gas Conservation Act. It reads, "There is hereby created an Oil and Gas Conservation Commission of the State of Idaho consisting of the Idaho Bureau of Mines and Geology."

Idaho has made efforts to reform its government structure eight times since 1919, generally focusing on improving the efficiency of government by reorganizing the executive branch and examining state expenditures. In the early 1970s, the Idaho Legislature made changes that affected all state agencies including the Oil and Gas Conservation Commission (Commission).

In 1973, the Legislative Executive Reorganization Commission recommended restructuring the Idaho executive branch on the heels of the 1972 Constitutional amendment, which limited the number of executive agencies in Idaho to 20. As a result, the Idaho Legislature approved Senate Bill 1302 (Reorganization Act of 1974) which reorganized state government, including the Oil and Gas Conservation Commission. It provided "that the Oil and Gas Conservation Commission shall consist of the State Board of Land Commissioners."

The passage of Senate Bill 1049 in 2013 resulted in a citizen commission appointed by the Governor consisting of five members with varied backgrounds including knowledge in oil and gas, geology, water, a mineral rights owner and non-mineral rights owner.

House Bill 301 as amended was unanimously approved by the 2017 Legislature and signed into law, establishing a new Oil and Gas Conservation Commission effective July 1, 2017, to include the Idaho Department of Lands director, one county commissioner, and three Governor-appointed technical experts who initially will serve staggered terms.

The Commission regulates the exploration, drilling and production of oil and gas resources in Idaho to ensure the conservation of oil and gas, and the protection of correlative rights, surface water and groundwater.

The Idaho Department of Lands serves as the administrative arm of the Commission, with the Oil and Gas Division Administrator serving as the Commission Secretary.

OIL & GAS CONSERVATION COMMISSION

Production

Oil and gas production reports are no longer exempt from disclosure and can be found at ogcc.idaho.gov

The information below is based on production between July 1, 2016 and June 30, 2017. Data is broken down by well, in some cases upper and lower levels within the same well.

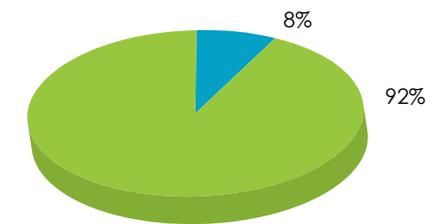
FY2017					
WELL NAME	GAS MCF	CONDENSATE BBL	NGL'S BBL	OIL BBL	H2O BBL
DJS Prop. #1-15	31,634	1,201	0	0	51
Kauffman #1-9 UT	48,079	1,410	1,360	0	185
Kauffman #1-9 LT	66,991	648	2,200	13,811	14,755
Kauffman #1-34	341,755	27,038	17,819	0	19,521
ML Investments #1-10	0	0	0	0	0
ML Investments #1-11 UT	701,073	18,170	13,811	0	1,624
ML Investments #1-11 LT	175,361	5,026	4,341	0	3,096
ML Investments #1-3	1,772,966	44,323	40,397	0	35,760
ML Investments #2-3	366,639	10,833	6,069	0	820
ML Investments #2-10	1,101,926	29,159	20,771	0	17,920
State #1-17	4,125	0	0	0	0
TOTAL FY2017	4,610,549	137,808	106,768	13,811	93,732
TOTAL FY2016	2,619,028	62,999	87,837	0	15,546
Percent Change	76%	119%	22%	0%	503%

Natural gas is measured in thousand cubic feet which is abbreviated MCF, Condensate (very light oil), natural gas liquids (propane, butane), oil and water are all measured in barrels abbreviated BBL which is 42 gallons per barrel.

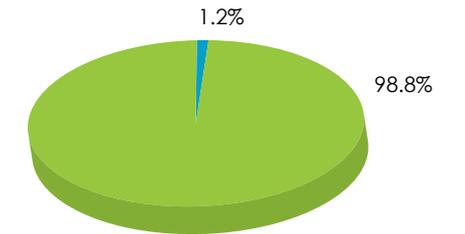
Oil and gas production is shown by land types based on overall production of natural gas, condensate and natural gas liquids.

2017 Production By Land Type

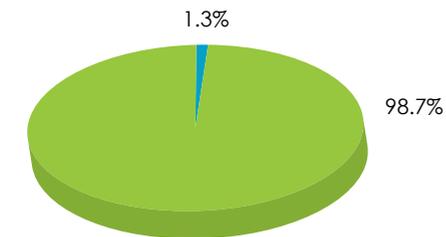
PRODUCTION AREA (ACRES)



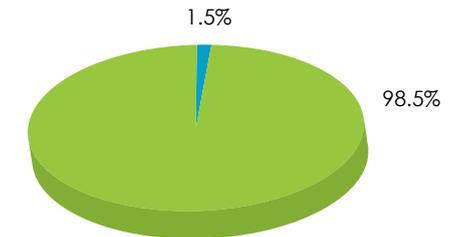
NATURAL GAS LIQUID PRODUCTION (BBL)



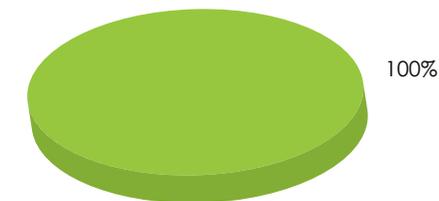
CONDENSATE PRODUCTION (BBL)



GAS PRODUCTION (MCF)



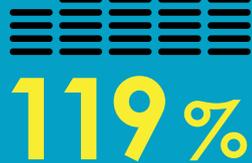
OIL PRODUCTION (BBL)



THE LOWER LEVEL OF
KAUFMAN #1-9
PRODUCED THE
FIRST CRUDE OIL
IN IDAHO
WITH
13,811 BBL.



CONDENSATE
PRODUCTION
WAS
UP
BY **119%**



ML INVESTMENTS #1-3
PRODUCED
AN AVERAGE OF
121.43 BBL
OF CONDENSATE
PER DAY
REPRESENTING
32% OF ALL
CONDENSATE PRODUCED.



98.6% OF OIL AND GAS
PRODUCED IN IDAHO COMES FROM
**PRIVATELY OWNED
MINERAL INTERESTS**

Oil & Gas Activity

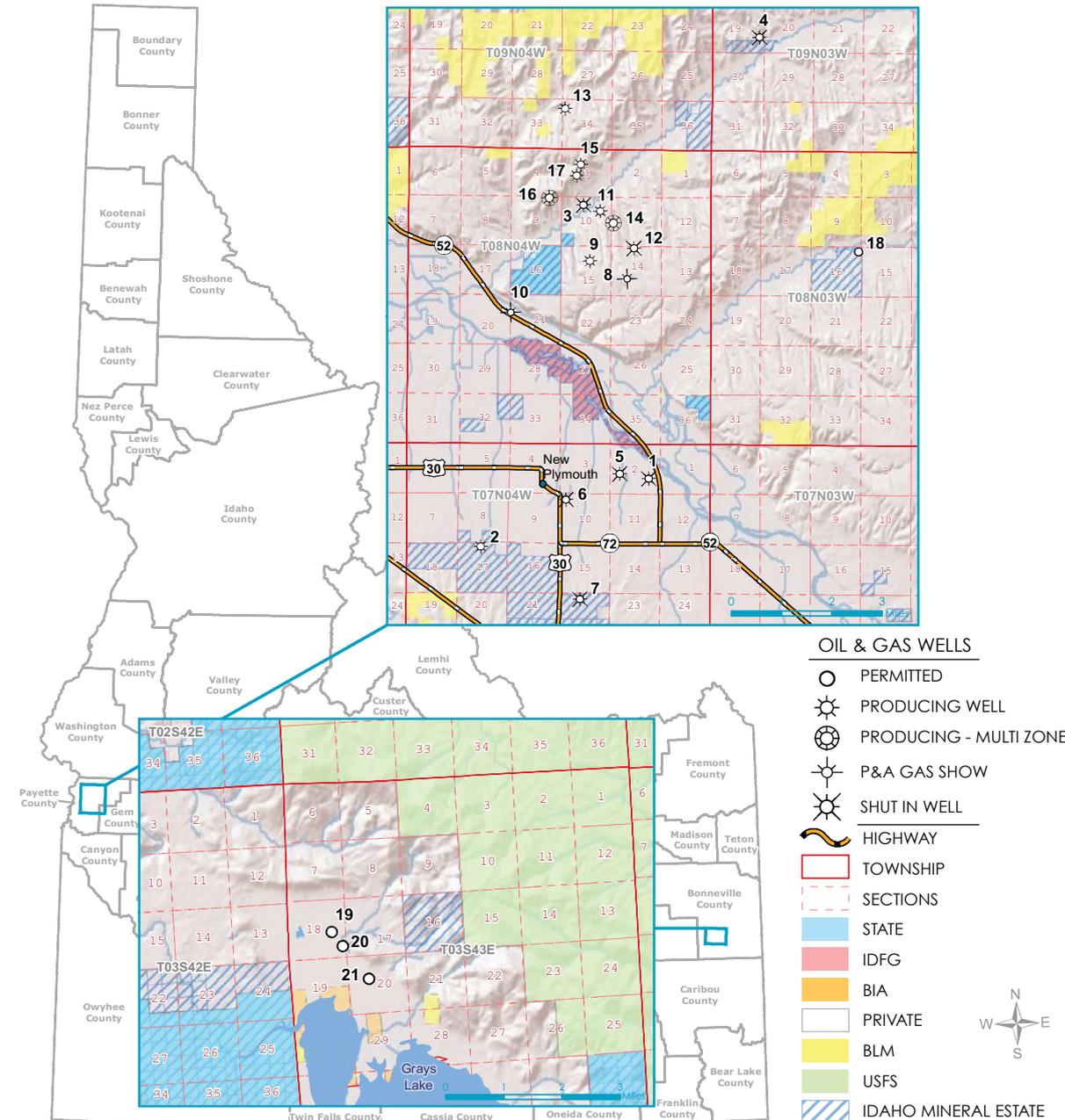
DRILLED OR PERMITTED | JULY 1, 2016 – JUNE 30, 2017

The majority of permit activity is in western Idaho but there is some activity on the eastern side of the state.

Oil & Gas Wells SNAPSHOT

NO.	US WELL NUMBER	COUNTY	OPERATOR	WELL NAME & NUMBER	STATUS as of June 30, 2017
1	11-075-20004	Payette	Alta Mesa Services, LP	Espino #1-2	Shut in
2	11-075-20005	Payette	Alta Mesa Services, LP	State #1-17	Producing
3	11-075-20007	Payette	Alta Mesa Services, LP	ML Investments #1-10	Shut in
4	11-075-20009	Payette	Alta Mesa Services, LP	Island Capitol #1-19	Shut in
5	11-075-20011	Payette	Alta Mesa Services, LP	Tracy Trust #3-2	Shut in
6	11-075-20013	Payette	Alta Mesa Services, LP	White #1-10	Shut in
7	11-075-20014	Payette	Alta Mesa Services, LP	Korn #1-22	Shut in
8	11-075-20019	Payette	Alta Mesa Services, LP	DJS Properties #1-14	Plugged & Abandoned
9	11-075-20020	Payette	Alta Mesa Services, LP	DJS Properties #1-15	Producing
10	11-075-20021	Payette	Alta Mesa Services, LP	Smoke Ranch #1-21	Plugged & Abandoned
11	11-075-20022	Payette	Alta Mesa Services, LP	ML Investments #2-10	Producing
12	11-075-20023	Payette	Alta Mesa Services, LP	DJS Properties #2-14	Shut in
13	11-075-20024	Payette	Alta Mesa Services, LP	Kauffman #1-34	Producing
14	11-075-20025	Payette	Alta Mesa Services, LP	ML Investments #1-11	Producing
15	11-075-20026	Payette	Alta Mesa Services, LP	ML Investments #1-3	Producing
16	11-075-20027	Payette	Alta Mesa Services, LP	Kauffman #1-9	Producing
17	11-075-20029	Payette	Alta Mesa Services, LP	ML Investments #2-3	Producing
18	11-075-20030	Payette	Alta Mesa Services, LP	State #1-16*	Permitted
19	11-019-20012	Bonneville	CPC Mineral, LLC	Udy #18-1	Permitted
20	11-019-20013	Bonneville	CPC Mineral, LLC	Federal #18-2	Permitted
21	11-019-20014	Bonneville	CPC Mineral, LLC	Federal #20-3	Permitted

Shut In = 6 months no production | * Permit expired during FY 2017 | Well permits can be found at ogcc.idaho.gov



8 PRODUCING

7 SHUT IN GAS

3 PERMITTED - NOT DRILLED

1 EXPIRED PERMIT - NEVER DRILLED

2 PLUGGED & ABANDONED

Severance Tax

Severance Tax is collected on all oil and gas produced. The tax is collected by the Idaho State Tax Commission and is distributed between the Oil and Gas Conservation Commission (60%), the counties (18%) and cities (11%) where oil and gas are produced, and the Public School Income Fund (11%). (Idaho Statute 47-330 (5)). Previously the statute provided for a Local Economic Development Account.

DISTRIBUTION OF OIL & GAS TAX REVENUE

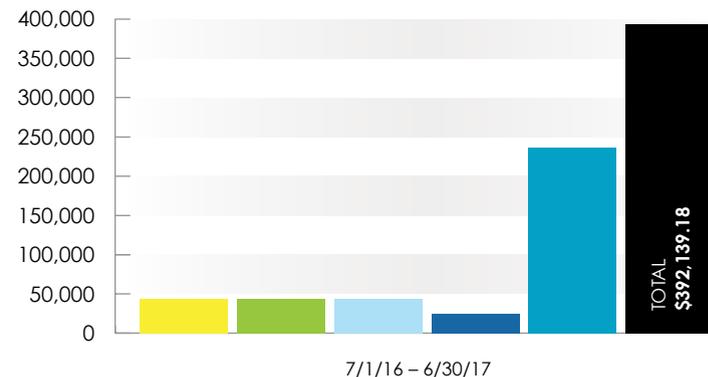
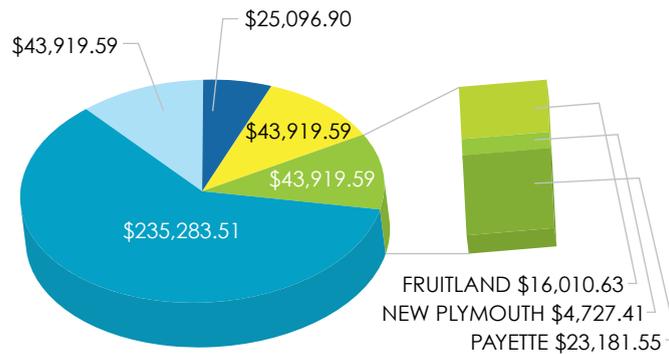
RECIPIENT	PORTION	FY2014	FY2015	FY2016	FY2017	THRU JUN 2017
County	11.2%	71.51	274.87	7,902.61	43,919.59	52,168.58
Cities in County	11.2%	71.52	274.88	7,902.60	43,919.59	52,168.59
Public School Income Fund	11.2%	71.51	274.87	7,902.60	43,919.59	52,168.57
Local Economic Dev. Account	6.4%	40.87	157.07	4,515.78	25,096.90**	29,810.62
Oil and Gas Conservation Fund	60%	383.12	1,472.54	42,335.42	235,283.51	279,474.60
TOTAL	100%	\$638.53	\$2,454.23	\$70,559.01	\$392,139.18	\$465,790.96

** The last quarter's payment for \$9,959.67 was transferred to Payette County per HB301 in September of 2017, leaving a balance of \$19,850.95 in that fund.

SEVERANCE TAX FY2017

7/1/2016 TO 6/30/2017 TOTAL: **\$392,139.18**

■ PAYETTE COUNTY
 ■ CITIES
 ■ PUBLIC SCHOOL INCOME FUND
 ■ LOCAL ECONOMIC DEVELOPMENT ACCOUNT
 ■ OIL & GAS CONSERVATION FUND



*Information provided by the Idaho State Tax Commission

Financial Information

Permit fees and the Commission's portion of the severance tax are deposited into the Oil & Gas Conservation Fund, which is used to administer the oil and gas program.

OIL AND GAS REGULATORY PROGRAM JULY 1, 2016 - JUNE 30, 2017 Revenue and Expenditures by Fund Type

	REVENUE	EXPENDITURES
GENERAL FUND*		231,090.00
Oil & Gas Conservation Fund		
Permits and Fees	16,922.00	
Severance Tax**	235,284.00	
TOTAL	\$252,206.00	\$231,090.00

**BETWEEN FY2016
AND FY2017
THERE WAS A
455%
INCREASE IN
TAXES PAID**

**TAXES PAID
OVER THE
PAST FOUR
YEARS
HAVE
INCREASED
TEN FOLD
EACH YEAR**

*General Fund is appropriated by the Idaho Legislature to administer the program

**The Idaho Tax Commission transfers 60% of the 2.5% Severance Tax to Fund 0075-14 Oil and Gas Conservation Fund